

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 AID-05

EB-07 COME-00 FRB-03 OMB-01 TRSE-00 CIEP-01 LAB-04

SIL-01 /078 W

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R 121909Z JUN 75

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 1483

CONFIDENTIAL BUENOS AIRES 3987

E.O. 11652: GDS

TAGS: PINT, ELAB, AR

SUBJ: POLITICAL CONSEQUENCES OF NEW ECONOMIC MEASURES

REF: BA 3951

1. SKYROCKETING PRICES AS RESULT OF GOVERNMENT'S NEW ECONOMIC MEASURES HAVE RESULTED IN FURTHER DETERIORATION OF MRS. PERON'S IMAGE AND HAVE BROUGHT TO SURFACE CONSIDERABLE RESENTMENT AGAINST HER GOVERNMENT, ESPECIALLY AMONG PERONIST LABOR ELEMENTS (SEE REFTEL). THIS IS IRRESPECTIVE OF WHETHER OR NOT MEASURES ARE NECESSARY AND COGENT. AS EMBOFF OVERHEARD ONE IRATE PASSENGER ON A BUS (WHO HAD JUST PAID DOUBLE THE PREVIOUS DAY'S FARE) PUT IT SEVERAL DAYS AGO: "LOGICALLY I KNOW MEASURES MAY BE NECESSARY IF WE ARE TO SAVE OUR EXPORTS. BUT WHAT I CAN'T ACCEPT IS THAT SHE (MRS. PERON) SADDLES US WITH ALL THE SACRIFICES WHILE SHE AND HER MAGICIAN FRIEND SPEND MONEY AS FAST AS THEY CAN. SHE JUST BOUGHT A BOEING 707, AND I CAN'T EVEN AFFORD GAS FOR MY CAR."

2. MANIFESTATIONS OF DISCONTENT ARE MANY. WHEN MRS. PERON EMERGED FROM HER TELEVISED ADDRESS ON JUNE 6, SHE WAS JEERED AND BOOED BY BYSTANDERS AROUND CASA ROSADA. SHE WAS BOOED AGAIN WHEN SHE ARRIVED FOR WORK ON JUNE 10. OVER THE WEEKEND, SLOGAN

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"LANUSSE COME BACK" WAS SCRAWLED ON WALL IN PLAZA DE MAYO

(AND HURRIEDLY REMOVED BY POLICE). SOME FOUR THOUSAND PERONIST WORKERS DEMONSTRATED IN CORDOBA JUNE 10. HIGH-RANKING PERONIST SOURCE ADMITTED TO EMBOFF THAT THEY HAD CARRIED A BANNER SAYING "LANUSSE, WE WERE WRONG. FORGIVE US AND COME BACK*" SIMILAR BANNER WAS REPORTED BY DAO TO HAVE BEEN DISPLAYED BY PORT WORKERS IN BUENOS AIRES THE OTHER DAY. LABOR UNREST IN CORDOBA LED FEDERAL INTERVENTOR LACABANNE TO ISSUE RATHER ABSURD STATEMENT TO EFFECT THAT PROVINCE WAS COMPLETELY TRANQUIL BUT THAT DEMONSTRATIONS WERE BANNED BY STATE OF SIEGE PROVISIONS AND ILLEGAL WORK STOPPAGES WOULD NOT BE PERMITTED. ONE CAN ONLY WONDER, IF THINGS ARE SO TRANQUIL IN CORDOBA, WHY ISSUE THE STATEMENT?

3. UNHAPPINESS OVER PINCH CAUSED BY NEW ECONOMIC MEASURES IS NATURAL. MANIFESTATIONS SUCH AS THOSE DESCRIBED ABOVE MAY SIMPLY REPRESENT AN INITIAL SPASM WHICH WILL PASS. AT LEAST FOR THE MOMENT, HOWEVER, MRS. PERON'S GOVERNMENT IS IN A SHAKIER POSITION THAN IT WAS BEFORE THE MEASURES WERE TAKEN. MILITARY IS WATCHING FROM THE WINGS. IF POPULAR DEMONSTRATIONS OF DISCONTENT WITH GOVERNMENT MOUNT IN INTENSITY, TEMPTATION TO STEP IN WILL BE INCREASED. CONSTITUTIONALISTS IN ARMED FORCES ARE STILL ADVISING AGAINST IT, BUT WITH CAVEATS. RETIRED GENERAL BENJAMIN RATTENBACH SAID IN SPEECH AT CIRCULAR MILITARY LAST NIGHT, FOR EXAMPLE, THAT MILITARY MUST AT ALL COST AVOID DESTROYING FOR FORCE OF ARMS WHAT PEOPLE HAVE ELECTED AT THE POLLS. IF WHAT THEY ELECT WORKS WELL, THEN EVERYTHING IS FINE. IF IT IS BAD, HE ADDED, "THEN IT WILL FALL OF ITS OWN WEIGHT AND SO VERY SHORTLY."

4. HIGH-RANKING PERONIST SOURCES ADMIT THEY ARE VERY CONCERNED. AS ONE PUT IT, "THE SITUATION JUST MAY HAVE STARTED TO UNRAVEL".
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Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLITICAL SITUATION, ECONOMIC PROGRAMS, ECONOMIC CONTROLS
Control Number: n/a
Copy: SINGLE
Draft Date: 12 JUN 1975
Decapton Date: 01 JAN 1960
Decapton Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: woolflhd
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975BUENOS03987
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750205-1075
From: BUENOS AIRES
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750654/aaaabwsc.tel
Line Count: 94
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 BA 3951
Review Action: RELEASED, APPROVED
Review Authority: woolflhd
Review Comment: n/a
Review Content Flags:
Review Date: 03 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03 SEP 2003 by BoyleJA>; APPROVED <19 DEC 2003 by woolflhd>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: POLITICAL CONSEQUENCES OF NEW ECONOMIC MEASURES
TAGS: PINT, ELAB, AR
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006